

**NORTH PARK REDEVELOPMENT PROJECT AREA
THIRD FIVE YEAR IMPLEMENTATION PLAN, FY 2007-2012
MID-TERM PROGRESS REPORT**

This mid-term progress report has been prepared in accordance with California Health and Safety Code Section 33490(c), which requires every redevelopment agency, at least once during the five-year term of each implementation plan, to conduct a public hearing and hear testimony of all interested parties for the purposes of reviewing the redevelopment plan and the corresponding implementation plan for each redevelopment project, and evaluating the progress of the redevelopment project.

The North Park Redevelopment Plan ("Redevelopment Plan") was adopted by the City Council on March 4, 1997, and is administered by the Redevelopment Division of the City Planning and Community Investment Department. The approximately 555-acre North Park Project Area ("Project Area") was adopted to eliminate and prevent the spread of blighting conditions by new construction, revitalization and upgrading of residential, commercial, office and public properties and facilities within and surrounding the Project Area. On July 17, 2007, the Redevelopment Agency adopted the Third Five-Year Implementation Plan ("Implementation Plan") for the North Park Redevelopment Project Area. There have been no amendments to the Implementation Plan.

PLAN OBJECTIVES

The Redevelopment Plan provides the Agency's redevelopment objectives for the Project Area. These objectives, which are listed below, were employed to formulate the overall strategy for the Implementation Plan.

- 1) Support redevelopment activities that advance the vitality, safety and viability of the Project Area;
- 2) Encourage conservation, rehabilitation and redevelopment in order to eliminate and prevent the spread of deterioration and blight in the Project Area;
- 3) Improve, promote and preserve the positive neighborhood characteristics of the Project Area while correcting its physical and economic deficiencies;
- 4) Create a diverse and balanced mix of new housing stock, including very low, low and moderate-income housing;
- 5) Advocate for the rehabilitation of existing dwelling units and the preservation of existing rental housing;
- 6) Stimulate the growth and retention of businesses that contribute to the Project Area goals and promote local economic development, while not actively excluding other businesses;
- 7) Support the improvement of parking, vehicular mobility and mass transportation facilities that are compliant with ADA regulations;
- 8) Foster pedestrian and transportation alternatives throughout the Project Area;
- 9) Support the expansion of, and improvements to, park and recreational facilities and open spaces;
- 10) Facilitate alternative educational opportunities; and
- 11) Further advance crime prevention measures in the Project Area.

ACTIVITY

Since the Implementation Plan's adoption, the Project Area has accomplished the following items that were included in the FY2008-FY2010 Work Program:

Work Program: Select consultant to work with City staff and community on design and development of a park behind the North Park Theatre.

A consultant has been selected for design of the proposed mini-park and \$125,000 in special park fees and \$125,000 in Redevelopment Agency funds have been allocated for design of the park and associated street improvements.

Work Program: Continue to proactively seek new commercial and residential development within the Project Area through solicitation of developer interest/proposals.

The Agency released a **Request for Proposals** for potential participation with a developer for adaptive reuse of the former JC Penny's building at 3029 University Avenue and engaged consultants to complete a Phase I environmental analysis on the building.

Work Program: Establish a Storefront Improvement Program.

The Agency has drafted guidelines for an **Enhanced Agency Storefront Improvement Program** targeting major commercial corridors in North Park. An estimated \$200,000 has been set aside to provide eligible applicants with assistance for facade and sign renovations. The proposed program is slated for Agency consideration by March 2010.

Work Program: Acquire, as feasible, property well-situated and appropriate for development in furtherance of project objectives.

The Agency purchased a 3,157 square foot commercial space at the **Renaissance at North Park Project** at 30th and El Cajon Boulevard to be improved and then made available for use by community groups, including the North Park Redevelopment Project Area Committee and North Parking Planning Committee.

The Agency completed a market value study to evaluate purchasing property available for sale on the south side of University Avenue between Grim and 31st.

Work Program: Monitor and coordinate other public sector activities within the Project Area sponsored by the City of San Diego and other public agencies including, business outreach and marketing, housing programs, streetscape and lighting, and landscape improvements.

Agency staff met with a representative with the San Diego Association of Governments (SANDAG) to coordinate the development of the **Mid-City Rapid Bus Project** along El Cajon Boulevard with potential Agency assistance for lighting and streetscape improvements.

Work Program: Monitor Project activities and coordinate community and North Park Project Area Committee (PAC) input into Project development. Provide administrative support to the North Park PAC.

The Agency provided administrative support to the North Park PAC and coordinated project development with the PAC.

Work Program: Assist in the development of commercial and mixed-use projects located at key redevelopment opportunity sites throughout the Project Area

The Agency has drafted loan documents for a \$2.4 million forgivable loan for rehabilitation of the historic **Lafayette Hotel**. Planned improvements include guest room renovations, kitchen and bathroom remodeling, pool improvements, ADA compliance modifications, and new HVAC systems. The proposed renovations are intended to ensure viability of the hotel and retain more than 50 jobs. Anticipated increases in room nights from out of town visitors will be of significant benefit to local restaurants and other businesses in the Project Area. The loan was approved by the Agency on January 12, 2010.

The Agency has drafted loan documents for a \$182,918 forgivable loan for rehabilitation of the historic North Park Theatre. The proposed rehabilitation includes remediation of the existing HVAC system and other related improvements, historic restoration of two theatre marquees, and installation of gates to address homeless issues. The improvements are anticipated to help preserve and maintain the theatre by reducing operating costs and improving the aesthetic appeal of the theatre for the patrons and the community. The loan was approved by the Agency on November 23, 2009.

Work Program: Continue community outreach; respond to resident, property and business owners concerns and interests, and expand outreach to real estate brokerage, development and lending industries to attract and retain investment within the Project Area.

The Agency approved a \$50,000 increase to a Consultant Services Agreement with **North Park Main Street** for community outreach and technical assistance, analysis of existing conditions, and implementation of various revitalization projects and programs.

The Agency extended hours, increased security, and installed additional signage at the **North Park Parking Garage** to make the garage easier to locate and safer to use for residents, employees, and patrons of local businesses.

FINANCIAL RESOURCES

Table 1 below presents the five-year tax increment revenue projections based on the financial analysis included as Table 1 to the Implementation Plan. Additionally, Table 1 shows 20% affordable housing set-aside requirements, statutory payments to affected taxing entities, debt service obligations, administrative expenses, and available tax increment revenues allocated for non-housing projects.

Over the five year period of the Implementation Plan, the Agency anticipated collecting a total of \$6,540,000 in housing revenues, and a total of \$5,788,000 in available non-housing revenues, after payments to taxing entities, debt service obligations, and administrative expenses. It should be noted that these are revenue estimates and actual funds available could either increase or decrease depending on the level of actual growth in the assessed valuation of the Project Area.

Table 1: Estimated Project Revenues and Expenditures

Fiscal Year	Increment to Agency	20% Set-aside	Net Tax Increment	Payments to Taxing Agencies	Debt Service	Administrative Expenses	Available Increment
2008	\$6,059,000	\$1,212,000	\$4,847,000	\$1,212,000	\$1,785,000	\$900,000	\$950,000
2009	\$6,325,000	\$1,265,000	\$5,060,000	\$1,298,000	\$1,795,000	\$900,000	\$1,067,000
2010	\$6,546,000	\$1,309,000	\$5,237,000	\$1,375,000	\$1,800,000	\$900,000	\$1,162,000
2011	\$6,770,000	\$1,354,000	\$5,416,000	\$1,454,000	\$1,805,000	\$900,000	\$1,257,000
2012	\$7,000,000	\$1,400,000	\$5,600,000	\$1,535,000	\$1,813,000	\$900,000	\$1,352,000
Totals	\$32,700,000	\$6,540,000	\$26,160,000	\$6,874,000	\$8,998,000	\$4,500,000	\$5,788,000

Source: Table 1 to 2007-2012 North Park Third Implementation Plan

Table 2 below presents actual tax increment revenues the Agency has received over the first two fiscal year periods of the Implementation Plan and an estimate of tax increment to be received during fiscal year 2010 as reflected in the Agency's FY2010 budget. Additionally, Table 2 identifies 20% affordable housing set-aside receipts, statutory payments to affected taxing entities, debt service payments, administrative expenses, and the available tax increment revenues allocated for non-housing projects. Over the first two fiscal year periods of the Implementation Plan, actual revenues received by the Agency for non-housing and housing funds have been significantly higher than forecasted in the Implementation Plan.

Table 2 – Actual Tax Increment Revenues FY08 – FY9 and Projected Revenue for FY10

Fiscal Year	Increment to Agency	20% Set-aside	Net Tax Increment	Payments to Taxing Agencies	Debt Service	Administrative Expenses	Available Increment
2008	\$7,930,700	\$1,592,600	\$6,338,100	\$1,592,600	\$2,421,900	\$663,500	\$1,660,000
2009	\$7,671,800	\$1,545,700	\$6,126,000	\$1,545,700	\$1,615,300	\$787,300	\$2,177,700
2010	\$7,451,700	\$1,490,300	\$5,961,400	\$1,490,300	\$1,847,600	\$568,800	\$2,054,600
Totals	\$23,054,200	\$4,628,700	\$18,425,500	\$4,628,700	\$5,884,800	\$2,019,600	\$5,892,300

Source: Agency Trust Fund Summary for FY2008 and FY2009 and Redevelopment Agency Budget for FY2010 (rounded to \$00s)

AFFORDABLE HOUSING

The provisions of Section 33413(b)(4) of the California Community Redevelopment Law ("CRL") require the Agency to adopt and periodically update a plan to ensure compliance with the existing criteria of Section 33413 of the CRL regarding the affordability mix of new or rehabilitated housing units. Since the Implementation Plan's adoption, the Project Area has accomplished the following items related to affordable housing that were included in the FY2008-FY2010 Work Program:

Work Program: Implement a Development Agreement for a mixed-use condominium project consisting of approximately 180 residential units, including affordable housing units and retail space on El Cajon Blvd.

Agency staff is analyzing a request by Community HousingWorks for a \$5 million residual receipts loan for gap financing to develop the **Boulevard at North Park** affordable housing project. The proposed project will include 175 rental units consisting of 20 studios, 76 one-bedroom units, and 79 two-bedroom units, and approximately 14,500 square feet of ground floor commercial space. The affordability mix includes 20 studio units available to transition age youth aged 18-24 (foster youth) with incomes at or below 35% of Area Median Income, 11 units available to families at or below 35% of Area Median Income, 22 units available to families at or below 40% of Area Median Income, 71 units available to families at or below 50% of Area Median Income, 49 units available to families at or below 60% of Area Median Income, and two unrestricted manager's unit.

Work Program: Implement a Development Agreement for an apartment project incorporating approximately 24 family apartment units affordable to very low-income families on El Cajon Blvd. A number of the units will be set aside for families that are homeless or at risk of becoming homeless.

The Agency entered into an Owner Participation Agreement with Father Joe's Villages and provided a \$2.4 million residual receipts loan for the **Boulevard Apartments** affordable housing project at 3137 El Cajon Boulevard. The project has 24 residential units consisting of 3 one-bedroom units, 17 two-bedroom units, and 3 three-bedroom units. The affordability mix includes 15 units available to families at or below 30% of Area Median Income, 8 units available to families at or below 40% of Area Median Income, and one unrestricted manager's unit. Nine of the units were designated as supportive housing units. The project was completed in April 2009.

Work Program: Implement and monitor a housing rehabilitation program for existing low and moderate-income dwelling units.

The Agency established a **Housing Enhancement Loan Program** that provides forgivable housing enhancement loans of up to \$25,000 for property improvements and up to an additional \$5,000 for energy and water conserving landscape improvements for Greater North Park owner-occupants of one- and two- unit properties whose gross household income is no greater than 100% of the Area Median Income. An initial \$470,000 was contributed to the program in fiscal year 2009 and an additional contribution of \$250,000 was approved as part of the fiscal year 2010 Project Area budget. Through December 31, 2009, ten projects have been funded and six applications are currently undergoing assessment.

Work Program: Continue to implement and monitor the housing strategy for the expenditure of the Project's low and moderate-income housing funding.

The Agency entered into an Owner Participation Agreement with Pathfinders of San Diego and provided a \$2 million residual receipts loan for purchase and rehabilitation of the **North Park Inn** at 2526 University Avenue to provide 17 units of permanent supportive rental housing for

formerly homeless men with a dual diagnosis of substance abuse and mental illness. The project consists of 14 studios and 4 one-bedroom units. The affordability mix includes 4 units available for tenants at or below 30% of Area Median Income, 8 units available to tenants at or below 50% of Area Median Income, 5 units available to tenants at or below 60% of Area Median Income, and one unrestricted manager's unit. The project broke ground in August 2009.

The Agency entered into an Owner Participation Agreement with Community HousingWorks and provided a \$3.8 million residual receipts loan for the **Florida Street Apartments** affordable housing project at 3783-3825 Florida Street. The project will have 83 residential units consisting of 24 one-bedroom units, 33 two-bedroom units, and 26 three-bedroom units. The affordability mix includes 9 units available to families at or below 30% of Area Median Income, 13 units available to families at or below 40% of Area Median Income, 41 units available to families at or below 50% of Area Median Income, 19 units available to families at or below 60% of Area Median Income, and one unrestricted manager's unit. Relocation of existing tenants and demolition of the currently existing substandard structures is anticipated to be completed by April 2010.

SUMMARY

Since approval of the Implementation Plan, the Agency has participated in various revitalization projects and activities, including commercial development, affordable housing, infrastructure improvements, property acquisition, and community planning activities. Additionally, the Agency has provided administrative support to the North Park Redevelopment Project Area Committee. Over the remaining balance of the Implementation Plan, the Agency shall continue to implement the established objectives of the Redevelopment Plan and Implementation Plan.